

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 PA-02 INR-07 /020 W

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O R 130917Z AUG 77

FM AMEMBASSY LUSAKA

TO USINFO WASHDC IMMEDIATE

INFO SECSTATE WASHDC 6341

UNCLAS SECTION 1 OF 2 LUSAKA 2399

FOR IOP/M

FOR IBS/PA, PASS IPS

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E.O. 11652: N/A

MEMBERS OF ZAMBIA'S PARLIAMENT YESTERDAY CALLED ON THE GOVERNMENT TO WITHDRAW THE INDUSTRIAL DEVELOPMENT BILL, BECAUSE, THEY BELIEVE THE BILL WAS HASTILY PREPARED AND WOULD "EMBARASS ZAMBIA IN THE INTERNATIONAL COMMUNITY."

ACCORDING TO BOTH THE TIMES OF ZAMBIA AND THE ZAMBIA DAILY MAIL, THE ZAMBIAN LEGISLATORS SAID THE BILL WAS ILL-PREPARED AND DONE IN A HURRY, AND IF PASSED IT WOULD SHAME PRESIDENT KAUNDA "WHO IS HELD IN HIGH ESTEEM IN MANY PARTS OF THE WORLD," IN THE WORDS OF THE TIMES.

PRESENTING THE BILL IN THE HOUSE, MINISTER OF INDUSTRY, REMMY CHISUPA, SAID THAT IF PASSED, THE LEGISLATION WOULD GUARANTEE A TEN-YEAR IMMUNITY FROM NATIONALIZATION FOR FOREIGN INVESTORS, AND EASE THE OBTAINING OF IMPORT LICENCES AND PROVIDE TAX REBATES ON CAPITAL EQUIPMENT INVESTMENT, AMONG OTHER THINGS.

PRIMARILY, THE BILL SEEKS TO PROVIDE INCENTIVES FOR FOREIGN

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INVESTORS TO ESTABLISH INDUSTRIES IN ZAMBIA.

THE MINISTER SAID THE ZAMBIAN GOVERNMENT WAS SINCERE ABOUT ALL THE PROVISIONS CONTAINED IN THE BILL AND CALLED ON THE INTERNATIONAL BUSINESS COMMUNITY NOT TO HAVE "AN IOTA OF DOUBT" ABOUT THEIR BEING WELCOME IN THIS COUNTRY.

BUT MP STEPHEN MALAMA, SAID THERE WAS NOTHING WHICH IS AN INCENTIVE IN THE BILL AND REMARKED: "WITH GREATEST RESPECT AND CONDOLENCES TO THE MINISTER OF INDUSTRY, THIS IS NOT A BILL WHICH CAN PASS THROUGH THIS HOUSE.

"THE GOVERNMENT HAS ONCE AGAIN BROUGHT HALF-MEASURES TO DEAL WITH SERIOUS PROBLEMS OF THE NATION."

MR. MALAMA SAID THE CRITERIA FOR INVESTMENT IN THE WORLD TODAY ARE POLITICAL STABILITY, PEACE, CHEAP NATURAL RESOURCES, CHEAP LABOR AND PROTECTION OF THEIR INVESTMENTS SO THAT THEY CAN FEEL FREE TO TAKE AWAY THEIR MONEY AFTER SOME TIME.

HE SAID THAT IN THE WORLD TODAY IT WAS NECESSARY FOR COUNTRIES WHICH HAVE NATURAL RESOURCES TO GUARD THEM JEALOUSLY, BUT WARNED THAT INVESTORS WOULD NOT GO TO A COUNTRY WHERE THEY WOULD NOT BE ABLE TO TAKE AWAY THEIR CAPITAL.

"EVERYBODY WHO COMES IS INTERESTED IN WHAT THE RETURN HE HAS TO GET IS AND HOW HE WILL TAKE IT TO WHERE HE WANTS," SAID THE MP. HE WENT ON: "THE CONDITIONS MUST BE REASONABLE. BUT WOULD ANYBODY CONSIDER IT REASONABLE TO ASK ANYBODY TO COME AND TELL HIM THAT WHILE YOU CAN STAY FOR TEN YEARS, WE RESERVE THE RIGHT TO NATIONALIZE YOU?" HE ASKED.

MR. MALAMA TOLD THE HOUSE THAT THERE IS UNCERTAINTY THAT THE UNCLASSIFIED

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INVESTOR HAS ANY RIGHT TO DEFEND HIMSELF AGAINST NATIONALIZATION.

"THIS IS WHAT THE FRONT BENCH (THE GOVERNMENT) IS ASKING AS TO PASS A LAW ON THIS BILL. I DOUBT IN ALL HONESTY THAT THE PRESIDENT WAS WELL ADVISED TO ASK US TO PASS A BILL OF THIS NATURE IN THIS HOUSE," SAID MR. MALAMA, ADDING: "IF SUCH A BILL FAILS, THE SHAMEFALLS ON THE HEAD OF STATE."

CONTRIBUTING TO THE SAME DEBATE, MP PETER CHANSHI SAID ZAMBIA HAS COMMITTED, IN HIS WORDS, "ECONOMIC SUICIDE BY GOING TOO FAST ON THE SOCIALIST PATH."

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"ZN NOW WE WANT SOMEONE TO COME AND LOOSEN THE ROPE WITH WHICH WE HAVE COMMITTED ECONOMIC SUICIDE, WE NEED POLITICAL STABILITY, SOCIAL FACILITIES AND A PERIOD OF TIME TO ALLOW AN INVESTOR TO TAKE HIS MONEY OUT," HE SAID.

MR. CHANSHI TOLD PARLIAMENT THAT THE SITUATION AT PRESENT WAS NOT SUITABLE BECAUSE INVESTORS HAD SOMETIMES BEEN FORCED TO WAIT FOR AS LONG AS 15 MONTHS TO GET THEIR DIVIDENDS OUT OF THE COUNTRY. THE MP ADDED THAT THE INTRODUCTION OF WORKERS' PARTICIPATION WAS AN OBSTACLE TO THE ENCOURAGEMENT OF INVESTORS.

INVESTORS THE WORLD OVER, HE REMINDED THE HOUSE, DID NOT WANT TO COME AND PARTICIPATE IN INDUSTRIAL DEVELOPMENT BECAUSE THEY FEARED THEY WOULD BE FORCED TO JOIN WITH PARASTATAL BODIES WHICH DO NOT MAKE PROFIT.

MEANWHILE, THE TIMES OF ZAMBIA LEADS ITS FRONT PAGE WITH A REPORT THAT MORE THAN 900 TAZARA RAIL WAGONS NEEDED FOR HAULING MUCH-NEEDED ZAMBIAN CARGO FROM DAR ES SALAAM ARE LYING IDLE IN VARIOUS ZAMBIA RAILWAYS YARDS BECAUSE LOCAL COMPANIES ARE NOT OFF-LOADING GOODS QUICK ENOUGH.

AND NOW, ACCORDING TO THE TIMES STORY, TAZARA GENERAL MANAGER, ANANIAH SIMWANZA HAS ARRIVED FROM TANZANIA TO SUPERVISE THE OFF-LOADING OF THE WAGONS SO THAT GOODS MAROONED AT DAR ES SALAAM PORT CAN BE BROUGHT INTO ZAMBIA.

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HE WARNED THAT IF THE COMPANIES INVOLVED DID NOT RESPOND POSITIVELY TO HIS APPEALS, HE WOULD ORDER HIS ENGINE DRIVERS TO PULL THE WAGONS BACK TO NEW KAPIRI FROM WHERE THE OWNERS OF THE GOODS WOULD THEN HAVE TO HIRE TRUCKS TO TRANSPORT THEIR GOODS.

THE NEWSPAPER QUOTES THE TAZARA GENERAL MANAGER AS SAYING THAT AT THE MOMENT THERE ARE MORE THAN 69,000 TONNES OF ZAMBIAN GOODS PILED UP AT THE PORT IN DAR ES SALAAM BECAUSE WAGONS TO TRANSPORT THE GOODS ARE NOT AVAILABLE.

HE ESTIMATED THAT BY EARLY NEXT WEK, MORE THAN 79,000 TONNES OF ZAMBIAN CARGO WOULD BE AT DAR ES SALAAM IF THE PRESENT SLOW PACE OF OFF-LADING CONTINUES.

THE MAIL, IN AN IN-DEPTH REPORT ON ITS FEATURE PAGE, TODAY CARRIES A LENGTHY ARTICLE TITLED: "U.S. STAKES IN SOUTH AFRICAN SCENE" UNDER THE BY-LINE OF H.R. NAYAK.

IN HIS ARTICLE, MR NAYAK DISCUSSES THE CARTER ADMINISTRATION'S AFRICAN POLICY PARTICULARLY IN RELATION TO SOUTHERN AFRICA.

"IT IS AN ESTABLISHED FACT THAT WHEREVER THE AMERICAN INTERESTS AND AMERICAN AID FLOW IN THE THIRD WORLD COUNTRIES, THE CIA AND MULTINATIONALS FOLLOW, WRITES MR. NAYAK.

MR. NAYAK QUESTIONS WHETHER THE CARTER ADMINISTRATION REALLY HAS A NEW AFRICAN POLICY OR WHETHER IT IS ONLY "OLD WINE IN NEW BOTTLES". HE ALSO QUESTIONS WHETHER THE U.S. PRESIDENT IN ANY EVENT CAN CONTROL THE INFLUENCE OF THE AMERICAN MULTINATIONALS AND THE CIA.

THE AUTHOR SAYS DESPITE AMERICAN ADVANCEMENT IN MANY FIELDS, THE UNCLASSIFIED

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SITUATION IN AFRICA, PARTICULARLY IN SOUTHERN AFRICA, IS NOW BEYOND AMERICAN INFLUENCE "DUE TO THE ANTI-BLACK POLICIES FOLLOWED BY PREVIOUS AMERICAN ADMINISTRATIONS."

MR. NAYAK POSES THE QUESTION: "WHAT'S THE REAL AMERICAN GAME IN AFRICA, WHICH HE GOES ON TO ANSWER WITH ANOTHER QUESTION: "IS IT NOT FREE ACCESS TO STRATEGIC RAW MATERIALS AND PROTECTION FOR THE VITAL COMMERCIAL INTERESTS OF MULTINATIONALS WHO HAVE INVESTED

BILLIONS OF DOLLARS IN AFRICA?" ITEM USIS LUSAKA.
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